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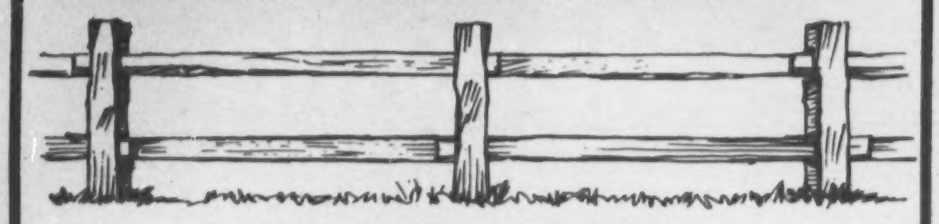

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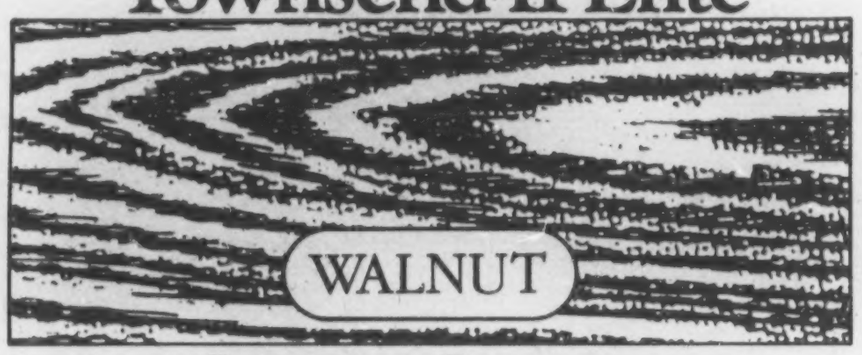

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LUMBER REPORT

Group behind U.S. lumber tariff seeks to maintain its influence

By Milford Prewitt
NHCN staff editor

WASHINGTON — The folks who fought for a tariff on lumber and then pressured a nation to tax its most prized export don't expect to exit the stage now that their long-sought victory is won.

The Coalition for Fair Lumber Imports (CFLI)—the group that provided the push behind Canada's erecting an export tax on American bound lumber—is writing a permanent and leading role for itself as part government consultant and part watchdog of lumber trade issues.

Its aims may be diametrically opposed to those of most lumber and building material dealers, but the coalition proved that a small but dedicated group can acquire clout in Washington and can exert influence far beyond its meager origins.

"We are a single issue organization in that we deal with lumber imports only, but we expect to stay in business to consult with government as changes and proposals [arise] in this situation," said Stanley Dennison, the chairman of the CFLI and a semiretired executive vp of Georgia-Pacific.

Amid the widespread dealer concerns about higher procurement costs for lumber, Dennison counters that the export tax will have little effect on supply or demand.

"The only thing I can see happening out of all of this is that now we might have a little higher floor as to where prices will be when they fall to their lowest point," Dennison said. "When we reached the floor in previous years, the American producer had to shut down because the Canadian producer was subsidized and could go a lot lower."

Subject to controversy

Victory and respect have not come easy for the CFLI. The group is pounded by a battery of criticism.

The coalition has been accused of being a mouthpiece and front organization for Georgia-Pacific and other major producers with no Canadian operations, a charge Dennison vigorously denies.

"We're representative of manufacturers throughout the country," Dennison said. "We have the support of all the major [industry] associations. You should remember that the 10 largest producers in the U.S. only produce 20% of the lumber."

Dennison added that lumber and building material retail dealers' fears about the goals of the coalition are not as widespread as they are depicted by CFLI's adversary, the National Lumber and Building Material Dealers Association.

"I think I talked to a thousand dealers in the course of this process and once they understood what the issues were maybe 10% objected," Dennison said. "The only objections I ever knew about came from that association.

Harry Horrocks, an executive with the NLBMDA, countered that Dennison's observation was inaccurate. He said a poll of the organization's 15,000 members showed that 97% were against the coalition's drive for a tariff.

Rocky beginning

Dennison is defensive about complaints levied by the National Association of Home Builders (NAHB) and other building groups that the coalition's success threatens the pace of new home construction and pricing.

"We are as concerned with housing starts as much as anyone else because it hits us first," he said.

Dennison said the export tax will probably add $300 to the cost of new home construction, with 50% of that increase being absorbed by the manufacturers. He said such an increase will do little to push home buyers out of the market.

"Interest rates and terms determine who can qualify for housing," Dennison said. "I often compare it to the person who buys a house, let's say for $150 more, but one brass faucet that momma likes in the kitchen or the bathroom costs just as much.

"Will that mean that family won't buy the house?"

The coalition has traveled a bumpy path from its ragtag beginnings in 1981, to its premature obituary in 1983, to its rebirth and maturity into the role of lobbyist.

But three years ago, after the International Trade Commission decided to quash the coalition's first countervailing duty petition with the ruling that Canada does not subsidize its forest industry, it seemed a sure bet that CFLI wouldn't be heard from again.

At that time, the two-year-old group, born out of the Pacific Northwest, had spotty support, unstable financing, bad press and had dared to lock horns with NAHB, perhaps the most powerful lobbying group in Washington.

"We had so few people back then," said Paul Ehinger, a cofounder of the coaltion and ardent proponent of taxing Canadian imports.

Canada's subsidies at issue

Ehinger, who was the coalition's main spokesman from 1981 to 1983, and currently operates his own timber consulting firm out of Eugene, Ore., indicated that when the group first filed its countervailing duty petition, few of the major forest products corporations supported the effort.

What was worse, charges Ehinger, is that branches of the Department of Commerce colluded with the Canadians to subvert the Americans' effort.

Despite the ITC's ruling in 1983, Ehinger said the core members of the coalition were undeterred in their belief that Canada was subsidizing its industry in order to enjoy sizable market advantages.

One of the examples both Ehinger and Dennison point to in underscoring their complaint that Canada subsidizes its industry is the stumpage price difference on the border.

"You know, you can cross the Canadian line up there [the Pacific Northwest] and never know it," Dennison said. "But if you do an appraisal, the Canadian side comes up being 10% to 20% of the value of the US side.

"Yet, it's the same forest."

Critics of the CFLI, though, scoffed at these claims, and insisted that American stumpage prices were higher due to the byzantine methods of blind bidding and speculation that determine who wins the contract to cut timber.

Moreover, both the CFLI's adversaries and allies argue that the exchange rate between Canada and America favors the Canadians with less expensive wood products.

Status boosted by four shifts

But despite the economic factors, real or imagined, Ehinger said four developments occurred after the ITC's 1983 decision to revitalize the group.

The first was the shift in the Reagan Administration's view on import restrictions.

"The whole mood of the country had changed and people began getting more politicized and militant about the plight of heavy American industry being threatened by imports," Ehinger said.

The second event came from a series of "educational" talks coalition leaders conducted with "grass roots lumbermen." These discussions about the the state of North American lumber trading resulted in leading corporations (notably Georgia-Pacific, International Paper and Potlatch Corp.) and independents nationwide financing a major drive to refile a countervailing duty petition.

The third major development helping to elevate the group's position was its merger with the National Forest Products Association (NFPA), the major North American producers trade group which counts Canadian firms among its membership. The NFPA, which had ignored the group before 1983, came to rally behind calls for import restrictions on softwood lumber and gave the fledgling coalition office space in its Washington headquarters, an operating budget, and staff support.

But the apparent *coup de grace* for the coalition came from an unlikely source, the International Trade Agency (ITA). As a result of a 1984 decision in an unrelated federal court trial, the ITA was forced to change its definition of subsidization to a more specific and narrower interpretation. This paved the way for a new countervailing duty filing.

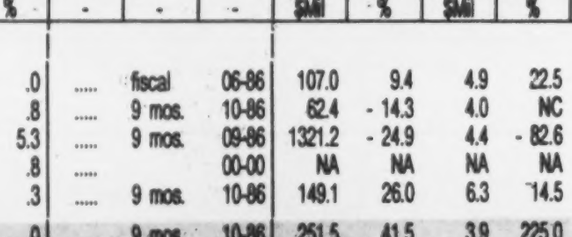
FINANCIAL NEWS

The home center retailer and manufacturer stock market indices are a measurement of the changes in aggregate market value compared to their value on Feb. 1, 1985, which has been set to equal 100 on the index. Aggregate market value is the sum of each stock's price multiplied by its number of shares outstanding, adjusted to eliminate the effects of additions or deletions of companies to the *NHCN* stock list.

Most Active Stocks

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Hechinger B M	4,281	477.8	16.2
Forest City Ent A	551	392.9	16.9
Pope & Talbot N	8,240	373.1	14.6
Std Brd Pnt N	7,574	315.5	- 1.1
Potlatch Cp N	5,139	307.4	8.7
Weyerhaeuser N	93,429	305.1	12.0
Thos Inds N	2,370	291.8	4.9
Insilco Corp N	12,668	288.5	5.4
Genova M	261	277.8	- 2.5
Waxman Ind M	3,593	275.7	18.9

The Volume Trend Change is the per cent difference between the latest 2-week average volume and the previous 12-week average volume.*



Price Movement

Company & Market	2-Weeks Ended 1-23-87	2-Week Price Change	Total 2-Week Volume
Winners	$	%	(100)
Waxman Ind M	11.00	18.9	3,593
Forest City Ent A	35.50	16.9	551
Hechinger B M	19.75	16.2	4,281
Hechinger A M	19.25	14.9	6,196
Pope & Talbot N	34.25	14.6	8,240
Boise Cascade N	76.00	13.0	21,993
Owens Ill Fibr N	18.63	12.9	77,562
Allegheny Int N	13.25	12.8	7,700
Macmillan Bloedel M	38.00	12.6	1,353
Stanley Works N	31.75	12.4	7,615
Losers	$	%	(100)
Mich General A	1.38	- 15.4	2,567
Natl Lumber M	4.25	- 6.8	533
Scotty's Inc N	12.63	- 6.5	1,706
Natl Hardgoods M	7.75	- 6.1	150
Zayre Corp N	25.00	- 6.1	31,342
Ply-Gem A	13.88	- 4.3	5,401
Genova M	4.88	- 2.5	261
Pay N Pak N	11.75	- 2.1	3,515
K mart Cp N	47.63	- 1.6	67,578
Std Brd Pnt N	21.50	- 1.1	7,574

National Home Center News

HOME CENTER MARKET SUMMARY

Stock Market

Company and Market	2-Weeks Ended 1-23-87	Price 2-Weeks Change Amt.	Price 2-Weeks Change Pct.	Price 2-Week Range High	Price 2-Week Range Low	Price 52-Week Range High	Price 52-Week Range Low	Volume 2-Weeks Shares Traded Total	Volume 2-Weeks Shares Traded % Out	Volume 12-Week Avg. Vol. As % Out	Volume Trend Change	P/E Ratio	Indicated Divd. Rate Amt.	Indicated Divd. Rate Yld.
	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%
Retailers														
Color Tile M	30.38	.38	1.3	30.38	30.00	33.00	19.50	28	.03	.10	- 70.0	19.2	.00	.0
Forest City Ent A	35.50	5.13	16.9	35.50	30.13	35.50	22.00	551	.69	.14	392.9	22.2	.30	.8
Grace W R N	53.13	- .13	- .2	55.38	52.50	60.75	45.25	24,726	5.95	3.05	95.1	18.1	2.80	5.3
Hechinger A M	19.25	2.50	14.9	19.75	16.25	23.59	15.59	6,196	5.67	1.83	209.8	NA	.16	.8
Hechinger B M	19.75	2.75	16.2	20.00	16.25	23.59	16.00	4,281	2.60	.45	477.8	23.0	.06	.3
Home Depot N	20.25	.75	3.8	20.75	18.00	21.75	10.75	15,749	6.25	1.88	232.4	27.4	.00	.0
INTERCO Inc N	39.13	.25	.6	40.25	38.13	47.63	34.50	19,344	6.79	1.81	275.1	12.6	1.60	4.1
K mart Cp N	47.63	- .75	- 1.6	49.38	46.50	57.38	35.13	67,578	5.23	2.25	132.4	20.4	1.48	3.1
Lowe's Cos N	28.75	1.00	3.6	29.63	27.63	41.50	22.50	22,755	5.74	2.00	187.0	19.6	.40	1.4
Mich General A	1.38	- .25	- 15.4	1.75	1.38	5.25	1.00	2,567	1.44	.90	60.0	NE	.00	.0
Natl Hardgoods M	7.75	- .50	- 6.1	8.25	7.75	9.31	5.69	150	1.22	.48	154.2	18.5	.00a	.0
Natl Lumber M	4.25	- .31	- 6.8	4.75	4.25	7.00	4.00	533	.95	.47	102.1	NE	.00	.0
Pay N Pak N	11.75	- .25	- 2.1	12.25	11.38	19.38	9.50	3,515	3.51	1.38	154.3	17.8	.40	3.4
Payless Cash N	20.38	.38	1.9	22.38	19.50	27.50	15.88	12,536	3.62	1.58	129.1	16.7	.16	.8
Scotty's Inc N	12.63	- .88	- 6.5	13.50	12.50	18.13	12.00	1,706	1.18	.89	32.6	15.6	.52	4.1
Sears, Roebuck N	44.63	1.00	2.3	47.13	43.13	50.38	37.63	105,021	2.81	1.10	155.5	12.2	1.76	3.9
Svc Merchandise M	7.88	.38	5.0	8.75	7.38	15.00	7.38	50,188	15.06	4.46	237.7	NE	.08	1.0
Std Brd Pnt N	21.50	- .25	- 1.1	22.25	21.00	27.00	19.38	7,574	6.69	1.61	315.5	17.5	.58	2.7
Supermkts Gen N	28.75	1.50	5.5	29.25	26.75	32.25	22.50	16,098	4.18	1.68	148.8	16.9	.28	1.0
Wickes Cos A	4.25	.38	9.7	4.38	3.25	7.00	3.25	82,500	3.48	2.01	73.1	11.5	.00	.0
Wolohan Lumber M	10.00	1.00	11.1	10.25	9.00	10.75	5.75	1,596	2.72	1.46	86.3	12.0	.20	2.0
Zayre Corp N	25.00	- 1.63	- 6.1	26.63	23.63	43.88	20.75	31,342	5.31	2.89	83.7	17.5	.32	1.3
Wholesalers														
Lewis Palmer M	8.00	.00	.0	8.25	8.00	9.88	7.25	1,385	3.53	1.58	123.4	25.0	.28	3.5
Stanline Inc M	9.25	.25	2.8	10.00	9.00	12.13	7.84	250	1.47	.62	137.1	10.1	.32b	3.5
Manufacturers														
Allegheny Int N	13.25	1.50	12.8	16.50	11.50	25.25	11.38	7,700	7.15	2.16	231.0	NE	.00	.0
Am Standard N	46.00	1.25	2.8	48.00	44.00	48.00	36.00	9,217	2.45	1.23	99.2	9.1	1.60	3.5
Am Woodmark M	14.75	.88	6.3	14.75	13.38	14.75	10.00	868	1.26	.69	82.6	13.5	.00	.0
Armstrng Wrld N	32.63	.25	.8	36.25	31.13	36.25	20.56	21,501	4.46	1.40	218.6	13.7	.84	2.6
Black & Decker N	18.75	1.50	8.7	19.25	17.25	25.25	14.50	43,871	7.56	2.13	254.9	38.3	.40	2.1
Boise Cascade N	76.00	8.75	13.0	80.00	66.88	80.00	46.38	21,993	7.51	2.06	264.6	26.3	1.90	2.5
Certain-teed N	34.75	2.38	7.3	36.25	32.63	38.50	22.63	3,021	1.59	.62	156.5	11.6	.90	2.6
Champ Intl N	36.88	1.38	3.9	39.50	34.75	39.50	22.50	77,166	8.20	3.14	161.1	17.7	.52	1.4
DeSoto Inc N	42.38	2.88	7.3	43.63	39.50	43.63	34.25	479	1.00	.61	63.9	31.9	1.40	3.3
Emhart Corp N	37.00	.75	2.1	37.63	35.25	42.63	30.25	8,024	2.59	1.18	119.5	NE	1.40	3.8
Genova M	4.88	- .13	- 2.5	5.13	4.88	5.63	4.38	261	.68	.18	277.8	11.3	.10	2.1
Georgia-Pacific N	45.75	3.38	8.0	48.00	41.75	48.00	25.88	62,739	6.05	1.99	204.0	23.8	1.00	2.2
Insilco Corp N	21.88	1.13	5.4	22.25	20.00	23.56	16.66	12,668	6.10	1.57	288.5	13.8	1.00b	4.6
La Pacific N	34.63	- .25	- .7	36.75	33.88	36.75	21.84	17,766	4.80	1.97	143.7	22.8	.80b	2.3
Macmillan Bloedel M	38.00	4.25	12.6	38.38	33.50	38.00	17.50	1,353	.44	.13	238.5	NA	.75	NA
Manville Cp N	2.00	.13	6.7	2.00	1.88	8.88	1.63	7,080	2.95	2.48	19.0	.8	.00	.0
Masco Corp N	32.50	2.00	6.6	33.38	28.63	34.50	20.88	31,120	2.41	1.01	138.6	17.5	.36	1.1
Mor-Flo Inds M	14.00	.00	.0	14.00	13.75	19.25	12.00	193	.76	.24	216.7	15.6	.01	.1
Newell Co N	29.75	1.75	6.3	31.00	28.00	36.75	22.88	1,488	1.30	1.11	17.1	13.8	.84	2.8
Owens Ill Fibr N	18.63	2.13	12.9	20.50	15.88	20.50	8.88	77,562	20.70	NC	NC	NA	.00	.0
Ply-Gem A	13.88	- .63	- 4.3	15.00	13.75	15.50	10.00	5,401	6.73	2.39	181.6	15.9	.12	.9
Pope & Talbot N	34.25	4.38	14.6	36.50	28.25	36.50	17.25	8,240	13.72	2.90	373.1	25.8	.88	2.6
Potlatch Cp N	65.75	5.50	8.7	71.00	62.25	71.00	38.13	5,139	3.87	.95	307.4	18.1	1.68	2.4
Sherwin-Wms N	32.38	1.88	6.1	35.13	30.50	35.13	22.25	15,702	3.48	1.52	114.8	18.7	.50	1.5
SW Forest Ind N	23.00	2.13	10.2	24.13	20.50	24.13	11.88	16,585	13.51	4.47	202.2	NE	.00	.0
Stanley Works N	31.75	3.50	12.4	33.50	28.00	33.50	22.00	7,615	1.83	.85	115.3	16.4	.76	2.4
Thos Inds N	18.75	.88	4.9	19.25	17.63	24.31	15.50	2,370	2.39	.61	291.8	13.5	.62b	3.3
USG Corp N	41.75	2.00	5.0	42.75	39.63	46.50	24.50	22,018	3.46	2.43	42.4	12.2	1.12	2.7
Walter, Jim N	51.38	.13	.2	54.00	50.75	54.63	32.59	10,476	3.30	1.54	114.3	11.0	1.40	2.7
Waxman Ind M	11.00	1.75	18.9	11.13	9.13	11.00	6.03	3,593	11.42	3.04	275.7	11.5	.08	.7
Weyerhaeuser N	46.75	5.00	12.0	49.00	41.50	49.00	29.88	93,429	7.17	1.77	305.1	28.5	1.30	2.8

Financial Update

Company and Market	Latest Report New Report	Latest Report Period	Latest Report Date Ended	Latest Quarter Revenue Amt.	Latest Quarter Revenue Chg.	Latest Quarter Net Income Amt.	Latest Quarter Net Income Chg.	Latest Quarter E.P.S. Amt.	Latest Quarter E.P.S. Chg.	Year-to-Date Revenue Amt.	Year-to-Date Revenue Chg.	Year-to-Date Net Income Amt.	Year-to-Date Net Income Chg.	Year-to-Date E.P.S. Amt.	Year-to-Date E.P.S. Chg.
				$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers															
Color Tile M	.....	fiscal	06-86	107.0	9.4	4.9	22.5	.52	18.2	387.1	11.5	14.9	12.0	1.58	9.0
Forest City Ent A	.....	9 mos.	10-86	62.4	- 14.3	4.0	NC	.50	NC	193.7	- 3.2	10.6	194.4	1.33	195.6
Grace W R N	.....	9 mos.	09-86	1321.2	- 24.9	4.4	- 82.6	.10	- 75.6	3982.2	- 24.1	87.7	- 14.2	2.08	6.1
Hechinger A M	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	.....	9 mos.	10-86	149.1	26.0	6.3	14.5	.21	16.7	448.1	23.7	19.6	18.8	.64	14.3
Home Depot N	.....	9 mos.	10-86	251.5	41.5	3.9	225.0	.15	275.0	737.6	48.4	16.2	189.3	.63	186.4
INTERCO Inc N	NEW	9 mos.	11-86	757.3	9.0	29.8	10.4	.94	9.3	1962.2	1.8	67.6	10.1	2.14	9.7
K mart Cp N	.....	9 mos.	10-86	5686.3	8.9	87.3	12.8	.66	10.0	16877.7	7.7	297.3	41.1	2.24	36.6
Lowe's Cos N	.....	9 mos.	10-86	594.3	8.2	12.5	- 19.9	.31	- 26.2	1786.1	11.8	45.1	- 6.8	1.16	- 12.8
Mich General A	.....	9 mos.	09-86	78.9	- 38.5	(2.9)	NE	(.36)	NE	290.1	- 13.5	(11.4)	NE	(1.11)	NE
Natl Hardgoods M	.....	9 mos.	10-86	8.4	12.0	.1	.0	.07	- 12.5	25.8	5.3	.5	25.0	.35	20.7
Natl Lumber M	.....	*	10-86	NC	NC	NC	NC	NC	NC	111.1	NC	(.5)	NC	(.08)	NC
Pay N Pak N	.....	9 mos.	11-86	101.4	17.9	1.9	5.6	.19	5.6	315.2	21.6	5.3	- 23.2	.53	- 23.2
Payless Cash N	NEW	fiscal	11-86	405.6	7.2	11.0	- .9	.31	- 3.1	1527.7	10.0	42.4	11.3	1.22	8.9
Scotty's Inc N	NEW	6 mos.	12-86	125.6	4.1	2.4	- 14.3	.16	- 15.8	244.3	5.8	4.0	- 28.6	.27	- 30.8
Sears, Roebuck N	.....	9 mos.	09-86	11171.3	11.2	328.1	25.1	.88	23.9	31311.8	9.3	808.3	7.6	2.17	6.9
Svc Merchandise M	.....	9 mos.	09-86	329.5	- 37.6	(30.3)	NE	(.92)	NE	1413.2	- .5	(68.8)	NE	(2.07)	NE
Std Brd Pnt N	.....	9 mos.	10-86	85.9	- 4.6	4.2	5.0	.38	8.6	252.9	- 5.1	12.3	- 13.4	1.09	- 13.5
Supermkts Gen N	.....	9 mos.	10-86	1374.7	8.8	9.6	- 60.3	.24	- 29.4	4073.4	8.2	41.8	- .7	1.10	- 6.8
Wickes Cos A	.....	9 mos.	10-86	1254.8	- 14.5	33.0	114.3	.15	200.0	3361.7	11.6	69.5	252.8	.30	650.0
Wolohan Lumber M	.....	9 mos.	09-86	58.7	25.4	1.9	58.3	.33	65.0	141.9	25.2	3.6	63.6	.61	60.5
Zayre Corp N	.....	9 mos.	10-86	1316.4	30.5	22.9	- 15.2	.38	- 17.4	3573.6	32.6	48.6	- 16.5	.81	- 19.0
Wholesalers															
Lewis Palmer M	.....	9 mos.	10-86	60.0	50.4	.7	16.7	.17	6.3	140.4	27.2	1.2	50.0	.31	40.9
Stanline Inc M	NEW	fiscal	10-86	15.9	14.4	.4	.0	.31	40.9	59.7	7.8	1.5	15.4	.92	3.4
Manufacturers															
Allegheny Int N	.....	9 mos.	09-86	438.0	- 14.1	(9.7)	NE	(1.60)	NE	1350.9	- 10.7	.6	NE	(2.04)	NE
Am Standard N	.....	6 mos.	06-86	819.4	8.4	80.1	114.7	2.12	123.2	1534.4	7.7	130.3	126.2	3.42	132.7
Am Woodmark M	.....	6 mos.	10-86	31.9	31.3	2.3	109.1	.33	50.0	60.3	24.1	4.1	86.4	.63	43.2
Armstrng Wrld N	.....	9 mos.	09-86	506.0	13.3	35.6	26.7	.73	25.9	1423.9	13.6	92.3	17.9	1.91	17.2
Black & Decker N	.....	fiscal	09-86	437.9	- 3.6	2.2	- 78.4	.03	- 85.0	1791.2	3.4	27.5	- 41.4	.49	- 46.7
Boise Cascade N	.....	9 mos.	09-86	959.5	2.7	13.3	- 34.5	.38	- 41.5	2821.2	- .8	69.6	- 18.4	2.28	- 19.7
Certain-teed N	.....	9 mos.	09-86	304.5	.1	19.9	8.7	1.04	11.8	845.6	- .3	46.6	8.4	2.45	12.4
Champ Intl N	NEW	fiscal	12-86	1058.0	- 11.4	64.5	69.3	.69	86.5	4387.6	- 24.0	200.8	23.1	2.08	30.8
DeSoto Inc N	.....	9 mos.	09-86	107.7	- 1.4	(3.8)	- 100.0	(.80)	- 100.0	336.0	1.8	3.5	- 69.0	.73	- 69.2
Emhart Corp N	.....	9 mos.	09-86	472.6	12.2	(71.2)	- 100.0	(2.30)	- 100.0	1510.1	17.0	(33.4)	- 100.0	(.98)	- 100.0
Genova M	.....	fiscal	09-86	15.9	15.2	.7	.0	.19	- 5.0	51.8	4.2	1.6	6.7	.43	7.5
Georgia-Pacific N	.....	9 mos.	09-86	1909.0	9.0	97.0	67.2	.90	73.1	5442.0	6.2	213.0	22.4	1.94	24.4
Insilco Corp N	NEW	fiscal	12-86	172.2	- 1.4	8.0	122.2	.44	175.0	745.1	- 8.2	33.3	27.6	1.58	21.5
La Pacific N	.....	9 mos.	09-86	407.4	22.6	22.2	96.5	.60	93.5	1124.0	18.5	48.1	157.2	1.31	156.9
Macmillan Bloedel M	.....	9 mos.	09-86	657.6	10.1	31.7	162.0	.74	311.1	1969.5	13.6	110.0	388.9	2.73	2630.0
Manville Cp N	.....	9 mos.	09-86	511.1	8.4	26.7	NE	.85	NE	1457.2	3.7	63.9	NE	1.88	NE
Masco Corp N	.....	9 mos.	09-86	367.0	NC	51.3	NE	.40	NE	1002.0	123.1	148.0	537.9	1.15	101.8
Mor-Flo Inds M	.....	9 mos.	09-86	47.2	.4	.3	.0	.10	- 9.1	147.9	- 3.3	1.8	- 51.4	.70	- 51.7
Newell Co N	.....	9 mos.	09-86	106.3	15.3	7.4	37.0	.64	6.7	295.9	16.8	16.6	23.9	1.54	4.1
Owens Ill Fibr N	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Ply-Gem A	.....	9 mos.	09-86	59.2	49.9	1.6	45.5	.16	.0	188.9	37.3	6.0	93.5	.72	41.2
Pope & Talbot N	.....	9 mos.	09-86	78.1	- 4.8	4.3	115.0	.72	111.8	228.3	- 8.8	7.4	21.3	1.23	21.8
Potlatch Cp N	.....	9 mos.	09-86	249.9	4.3	16.7	47.8	1.18	81.5	733.1	1.4	49.8	49.5	3.53	82.9
Sherwin-Wms N	.....	9 mos.	09-86	604.1	4.4	32.3	11.0	.70	11.1	1705.1	1.6	69.7	10.1	1.50	8.7
SW Forest Ind N	.....	9 mos.	09-86	180.6	- 11.6	4.1	NE	.30	NE	461.6	- 13.1	(7.9)	NE	(.89)	NE
Stanley Works N	.....	9 mos.	09-86	388.3	30.7	20.1	3.6	.48	2.1	1115.1	25.9	55.3	5.1	1.32	3.1
Thos Inds N	.....	9 mos.	09-86	72.7	- 8.1	2.1	- 57.1	.22	- 56.9	220.6	- 4.9	9.6	- 20.0	.97	- 21.1
USG Corp N	.....	9 mos.	09-86	653.9	- .5	41.1	- 37.4	.65	- 33.7	2028.6	7.3	169.0	- .5	2.61	2.8
Walter, Jim N	.....	3 mos.	11-86	595.9	6.0	37.9	19.6	1.17	.9	595.9	6.0	37.9	19.6	1.17	.9
Waxman Ind M	.....	3 mos.	09-86	26.7	24.2	.8	33.3	.24	33.3	26.7	24.2	.8	33.3	.24	33.3
Weyerhaeuser N	.....	9 mos.	09-86	1397.3	8.2	62.2	61.1	.44	83.3	4201.4	5.9	180.6	32.3	1.21	36.0

All data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

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National
Home Center News ®

Vol. 13, No. 4 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. February 23, 1987

API Supply buys Minn. steel products dist.

By Gary S. Ruderman
NHCN staff editor

MINNEAPOLIS — API Supply Co., a privately held, $35 million wholesaler of lumber and building materials, last month acquired Dealers Supply Co., a Minneapolis steel products distributor with estimated 1986 sales of $32 million.

API, which will run the new company under the API/Dealers name, picked up distribution centers in LaCrosse, Wisc., Aberdeen, S.D., and an estimated 350 yards in Wisconsin; Minnesota; and North and South Dakota. Prior to the acquisition, API had distribution centers in the Twin Cities and Rapid City, S.D. It closed a Sioux Falls, S.D., distribution center last year. The deal, for an unannounced sum, closed Jan. 6.

Charles Krausert, API vp of marketing said the combination would strengthen API's position in the four-state area, giving member API yards access to 11,500 more stockkeeping units in metal and steel products; API currently offers 12,500 skus in building materials and timber products.

"Expect that we'll be shifting our sights to Nebraska, Illinois and Missouri in the long term," Krausert said.

API serves roughly 1,600 customers, mostly small, rural lumberyards.

(Continued on page 87)

Coast-to-Coast strikes deal for gas station units

By Laura Liebeck
NHCN staff editor

DENVER — Many Coast-to-Coast franchisees may eventually add a new product category to their merchandise mix: gasoline.

Coast-to-Coast, in a joint venture with Amoco Oil Co., may convert the convenience stores at many of Amoco's gas stations into 800-sq.-ft. hardware and auto parts outlets, if an 18-month test of the program is successful.

The stores will be called Hardware X-press and Auto X-press, the companies reported.

If the test works, "it is conceivable" Coast-to-

(Continued on page 87)

An artist's rendering of Coast-to-Coast's joint venture with Amoco Oil. Each Hardware-X-Press unit will be approximately 800 sq. ft. and occupy former convenience stores

Negotiations to buy Canadian hardware retailer collapse

By an NHCN staff editor

TORONTO — Expansion plans of Coast-to-Coast, the Denver-based hardware retailer, hit a snag earlier this month when negotiations to purchase Macleods, a 200-unit Canadian hardware retailer based in Winnipeg, collapsed after two months.

William Chalmers, president of Macleods, revealed the failure of the deal while attending the Canadian Hardware Show in Toronto earlier this month.

Executives of Coast-to-Coast, which franchises more than 1,000 stores in 35 states, could not be reached for commment.

Chalmers said that meetings with officials of Coast-to-Coast started last December and ended in early February.

During the meeting with vendors at which Chalmers announced the end of negotiations with Coast-to-Coast, he gave a status report on Macleods that included its remerchandising program and its progress towards franchising its stores.

(Continued on page 87)

84 Lumber selling 14 closed stores

By Milford Prewitt
NHCN staff editor

EIGHTY FOUR, Pa. — The 84 Lumber Co. here is looking to sell 14 closed stores in several disparate markets ranging from Washington state to Texas, company officials announced.

Denny Brua, vp of real estate for the chain, said all of the stores up for sale are typical of the ones 84 Lumber continues to operate: 20,000 sq. ft. of indoor selling space, with outdoor storage sheds for building products, resting on about three acres of land. None of the units for sale has fixtures.

Brua said the company, which owns the land and the buildings, expects proceeds of about $300,000 for each location. "Some are a little less, some are a little more," he said.

The stores were shuttered six to eight months ago, Brua explained, because they failed to perform well, in some cases because of poor local economies. Among the 14 units, half are in states whose economies have been pounded by the recession in the oil industry. These include: four locations in Texas; two stores in Louisiana and one unit in the oil town of Casper, Wyo.

The other sites for saleinclude three in Washington and one each in Nevada, Kansas, Colorado and Oregon.

(Continued on page 87)

Cawley named pres. of Lloyd Home & Building Centers

By an NHCN staff editor

DANBURY, Conn. — Tom Cawley, vp-merchandise and marketing, for Lloyd Home & Building Centers, based here, was named president of the company on Feb. 2.

Cawley, 43, formerly with Channel, has been with the 34-unit retailer for one year. He replaced American Maize president Jack McCormick, who was standing in as the company's temporary chief following last year's resignation of Richard Anglin. American Maize is the parent company of Lloyd.

The new Lloyd president said the company's immediate priorities include accelerating its merchandise and presentation upgrade program and the addition of new stores in its existing market areas.

Lloyd operates stores in New York State, Connecticut and Pennsylvania, and has both short-term and long-ranged plans to add stores in this region, especially in middle- to upper-income neighborhoods.

Currently, Lloyd does 70% of its business with consumers. The rest, 30%, is achieved through professional sales, a balance Cawley said he wants to maintain.

During the fourth quarter of this year, Lloyd will open three new stores, one in New York State and two in Connecticut.

And during the first half of this year, Cawley said Lloyd will complete the remodeling

(Continued on page 87)

Tom Cawley replaces Jack McCormick as president of Lloyd Home & Building Centers. McCormick had been temporarily standing in as the company's chief. NHCN photos

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Simpler thermostats heat up market 54

NEWSBREAKS

DEPOT BREAKS A BILLION: The Home Depot broke the billion dollar sales mark on Jan. 29 and ended its fiscal year Feb. 1 with sales of $1,011,462,000, a 44% increase over the year before. Depot currently operates 60 stores.

BUILDERS EMPORIUM TO MOVE: The Wickes division has signed a 10-year lease on a 127,000-sq.-ft. office building in Irvine, Calif., and plans to move its headquarters this summer from a 31,000-sq.-ft. building it now occupies in the same Orange County city.

INDUSTRY UPDATE

Pay 'N Pak moves into so. Calif.

INDIO, Calif. — Pay 'N Pak opened a 63,500-sq.-ft. warehouse-style store in an ex-Zodys discount department store in this desert city located near Palm Springs on Jan. 22, marking the 107-unit chain's first outlet in southern California.

Separately, in January, the Kent, Wash.-based retailer closed a 22,000-sq.-ft. unit in Milwaukie, Ore., and opened a 44,000-sq.-ft. unit in Bremerton, Wash.

Western drops merger plan

SAN DIEGO — Four-unit Lumber One based in National City, Calif., dropped its plans to be acquired by Western Lumber Co. (*NHCN*, Feb. 9, 1987).

Allen Quimby, president of seven-unit Western Lumber, said "the deal is dead." He added that he was notified on Feb. 2 by Lumber One owner Don Cole that he "couldn't close" the transaction.

Phone calls to Cole, president of Cole Industries based in National City, were not returned. Lumber One's four stores in Solana Beach, Fallbrook, Temecula, Ramona and a wholesale yard in National City generate an estimated $25-$30 million annual sales.

Western Lumber bought Boise Cascade Corp.'s San Diego-area retail stores and wholesale operations in late 1985.

Louisiana-Pacific shuts unit

OXNARD, Calif. — Louisiana-Pacific closed its 20,000-sq.-ft. L-P Home Center here in late January, leaving the forest products company with one remaining retail outlet, a 20,000-sq.-ft. unit in Costa Mesa, Calif.

Operations manager Mike Sampson said there was no plan to close the Costa Mesa L-P retail unit, which adjoins a 5-acre wholesale yard. The company also will continue to operate a wholesale-distribution facility in Oxnard.

As recently as 1984, Louisiana-Pacific operated seven L-P Home Centers in southern California. Most recently, it sold its Camarillo and Ventura outlets to Terry Lumber Co. of Tarzana, Calif.

Louisiana-Pacific entered the retail business in 1979 with the purchase of six units owned by the Ward & Harrington and People's chains.

Louisiana-Pacific has said its strategy is to concentrate on its wholesale operations.

Interstate buys Forest City stock

CLEVELAND — Interstate Properties, a real estate investment firm based in Paramus, N.J., has acquired 5.01% of the outstanding Class B common stock of Forest City Enterprises, the real estate company that recently sold its home center subsidiary to Handy Andy, Chicago.

Holders of Class B common stock have the capability of voting for 75% of the directors of Forest City.

In a statement filed last month with the SEC, Interstate said its current plans called for purchasing the stock for investment purposes only.

However, Interstate Properties said it was keeping open the possibility of altering its intentions regarding Forest City.

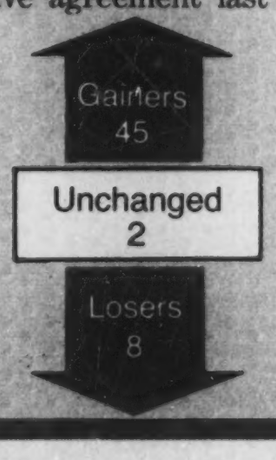
Home center stocks fly high

NEW YORK — Home center stocks continue to fly high, as 45 companies enjoyed price gains over the two-week period ended Feb. 6. There were only eight losers and two stocks remained unchanged.

The biggest percentage winner was Southwest Forest Industries, whose $30.88 price represented a 34.2% increase. The company signed a definitive agreement last month to sell Southwest Forest Products to Stone Container.

Retail gainers included National Lumber (whose stock was up 29.4% to $5.50) and The Home Depot (17.9%, $23.88).

The biggest price drops were felt by Michigan General, whose stock was off 9.1% to $1.25, and Wickes Cos., off 5.9% to $4. In terms of volume trading, Color Tile's stock fell 90%.



If you spot home center industry news, call the *NHCN* NEWS HOTLINE:

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Joseph Lumber will shutter remaining two units by April

By an NHCN staff editor

CHICAGO — The 67-year-old, privately-held Joseph Lumber will close its remaining two Chicago locations and go out of business by April, senior management said.

The firm will auction off its inventory and fixtures in April. Disposal plans for the main, 7.5 acre site owned by the firm are unclear.

Two other leased locations in Chicago were closed late last year. Advertising was halted Jan. 1, and staff was pared to 57 employees, down from 260 employees.

Ted Joseph, general manager and the only third generation member of the Joseph family active in the business, declined to say exactly what led to the family's decision to liquidate the 67-year-old private company, although he noted that the matter had been considered for two years.

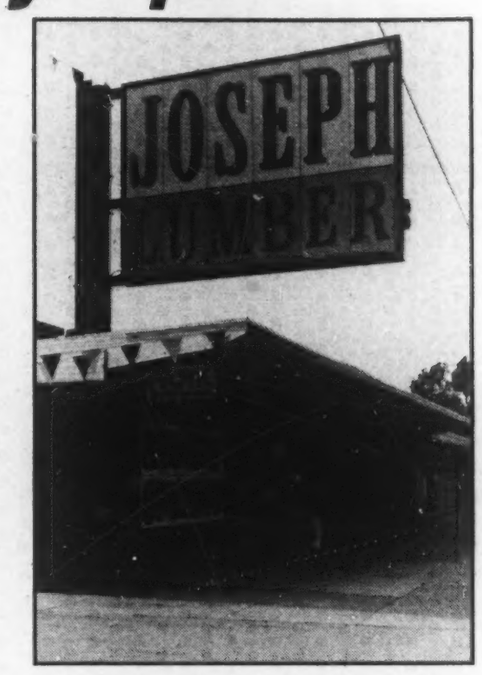
In late 1985 the four principal family members sought to merge with other, unnamed, Chicago retailers. When that failed, the business was put up for sale.

"There were no offers that were acceptable," said Joseph, 34. "We weren't in any kind of trouble. We were profitable and if we would have continued we would have been profitable."

He said 1986 sales were strong, between $15 million and $16 million.

Joseph's stores averaged 20,000 sq. ft. in size and were heavily into lumber and building materials. In the last five years DIY business accounted for 70% to 80% of sales with contractor-industrial business making up the balance.

Joseph competed in the city's far west side market with a unit of the regional Handy Andy chain, a unit of the local Crafty Beaver chain and several small, contractor-oriented yards.



The 67-year-old privately-held Joseph Lumber will be out of business by April. NHCN photo

Consultants may merge with NLBMDA

By an NHCN staff editor

BOSTON — The National Lumber and Building Material Dealers Association (NLBMDA) is investigating the possibility of acquiring an agency that provides consulting services to lumberyards.

Harlan W. Hummel, exec. vp of the NLBMDA, confirmed that a committee has been formed to determine the feasibility of assuming control of the National Lumbermen's Service Corporation (NLSC), advisors to lumber dealers on yard and showroom layouts, store fixtures, advertising and other operational and marketing activities.

The consulting group's possible absorption by the NLBMDA arose at an executive board meeting in Boston during the convention of the Northeast Retail Lumbermen's Association.

The NSLC is currently an operational adjunct of the Michigan Lumber & Building Material Dealers Association, but earlier had been bought and operated by a consortia of several Midwestern lumbermen's group before it became the Michigan group's interest.

Neither Hummel nor Ron Salvatore, the director of the NSLC, would comment on the specifics of how the NLBMDA would assume the group, nor would they comment on some reports that the NSLC had been a financial drain on the Michigan association.

"All I can tell you is that this is a friendly deal," Hummel said.

A decision on the merger is expected to be announced in mid-May.

While acknowledging that the merger is a "long way from happening," Hummel indicated that the NSLC could serve to provide more educational and training services for member dealers.

Since being appointed executive vp, Hummel has placed his emphasis on creating more programs to advance the operational know-how of the group's members (*NHCN*, July 16, 1987).

Midwest dealers expect economic shift

By an NHCN staff editor

MINNEAPOLIS — Optimism was high among upper Midwest retailers attending the 97th Northwestern Lumbermens Association (NLA) convention and show here in late January.

Dealers believe the farm economy and lumberyard failures have bottomed out and, with lower interest rates, housing rehabilitation should begin an upswing.

"General sales are up," said Ed Kranz, NLA president. "The [dealers] who are here are here to stay. They've survived the bad times." Kranz, owner of Salem Lumber in Salem, S.D., said with lower interest rates "people are ready to borrow money and remodel."

Large project sales, new construction and treated wood sales were down last year, according to Fritz Dietrich, co-owner of Dietrich Home and Lumber in Caddott, Wis. Yet smaller ticket sales for paint, speciality products and hardware were up 15%.

"Business has been excellent regardless of the economy," said David Noel, district manager of 11 United Building Center units in southwestern Minnesota.

Yard closings decline

The NLA reported that, including nonmembers, a total of 100 lumberyards closed last year in Iowa, Minnesota, North Dakota and South Dakota. About 180 yards closed in the four states in 1985.

Iowa, the hardest hit, lost 48 lumber and home center yards in 1986, down from the record 63 lost in 1985, according to association figures.

An indication of the area's potential strength was the turnout at the show of the major buying co-ops and the return, after a seven-year absence, of representatives of Cotter & Company. Dewayne Lukasson, district manager for Cotter in Bloomington, Minn., said the return indicated a new emphasis in basic lumber and building materials programs Cotter can offer to the yard dealers.

More than 1,000 people attended the convention.

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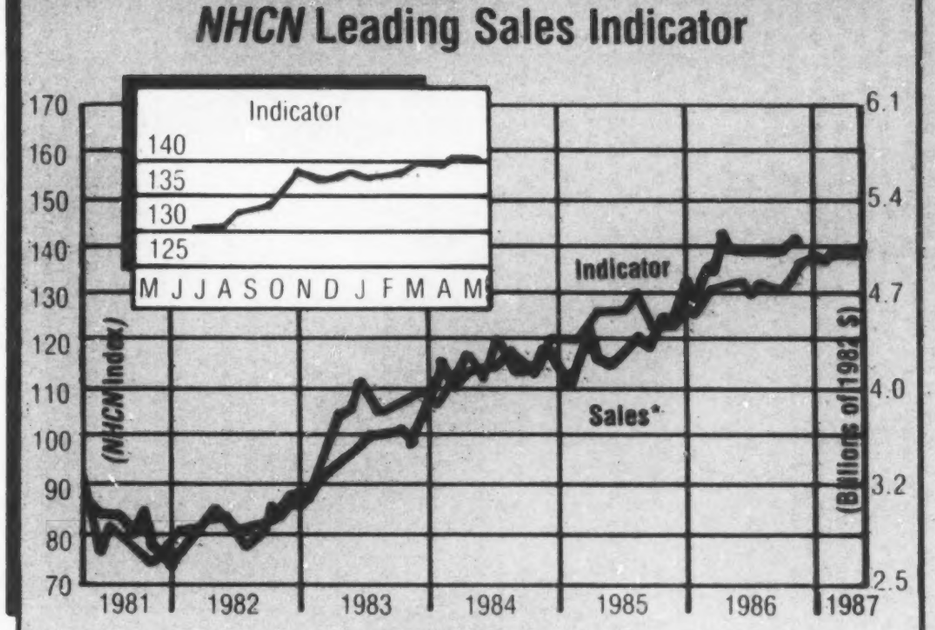
BUSINESS WATCH



*—Monthly retail trade building materials, hardware and supplies in (1982 $).

Indicator—represents an estimate of future building material retail sales (adjusted for inflation) relative to Jan. 1980, based on current levels of housing starts and resales, personal income, interest rates and related data.

The NCHN Leading Indicator is projecting an increase in building material sales during 1987. Resales were strong from September to December of 1986 (a record high), while single family housing starts will remain near 1.1 million units as interest rates decline.

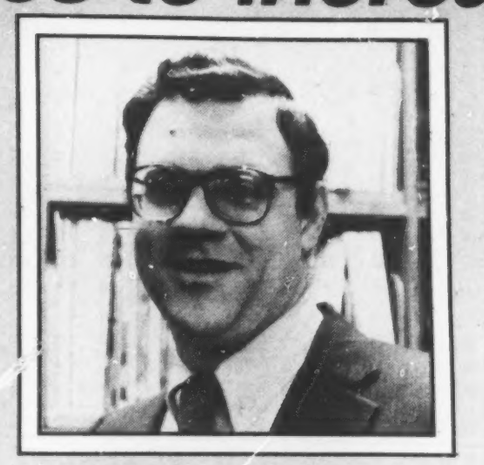
Housing starts, resales boom in Fla.; sales to increase 14%

By Richard E. Mount
Special to NHCN

Building material sales should increase 14% in Florida during 1987, 9% in unit volume. Sales at the national level should be up only 6% in unit volume. The state economy continues to grow faster than the nation, housing starts and resales are booming in many areas, and immigration puts additional demand on the market.

Florida economy

We estimate that building material sales in Florida rose 19% in 1986, with the area north of the Tampa-Cape Canaveral line growing faster. Resales, a strong indicator of building material sales, were up 10% in 1985 and an estimated 12% in 1986. Employment in building material stores rose 8% for the year and, given productivity gains and price increases, would be an additional indicator of the 19% sales gain.



Richard E. Mount

The expansion of the Florida economy has been dominated by six major factors in recent years:

• Population growth is explosive. Approximately 1,000 people move into the state every day and need housing. In the last five years, net migration for the state totaled 1.44 million, beating the 1.43 million for California. From 1980 to 1985, population grew 16.6% to 11.4 million, trailing the

(Continued on page 23)

Richard E. Mount is senior economist and manager of housing and construction material research for Merrill Lynch Economics.

Home Center Industry Regional Outlook

		1985 QIV	1986 QI	1986 QII	1986 QIII	1986 QIV	1987 QI	1987 QII	1987 QIII	1985	1986	1987
***NHCN* Leading Sales Indicator** (February 1980 = 100)		123.4	124.7	127.9	132.1	136.5	138.2	140.0	142.8	118.5	130.3	141.0
Building Material Retail Sales												
Current	**$ Millions SAAR Total United States**	56,976	61,180	62,580	62,956	63,444	65,641	67,753	70,172	53,841	62,540	69,259
	New England	3,477	3,492	3,854	4,210	3,908	4,030	4,147	4,288	3,038	3,866	4,237
	Middle Atlantic	8,306	8,324	8,926	9,261	8,781	9,058	9,330	9,635	7,269	8,823	9,522
	East North Central	9,048	8,096	9,699	10,014	10,132	10,535	10,908	11,326	8,381	9,485	11,162
	West North Central	4,000	3,541	4,049	4,413	4,384	4,523	4,661	4,828	3,747	4,097	4,770
	South Atlantic	11,837	13,871	13,442	12,394	13,222	13,693	14,154	14,680	11,262	13,232	14,476
	East South Central	3,182	3,513	3,633	3,757	3,800	3,984	4,133	4,309	2,964	3,676	4,238
	West South Central	6,041	6,817	6,355	5,975	6,167	6,354	6,531	6,751	6,090	6,328	6,672
	Mountain	2,763	3,256	2,962	2,997	3,115	3,223	3,320	3,431	2,674	3,083	3,390
	Pacific	8,322	10,269	9,659	10,087	9,935	10,240	10,570	10,926	8,377	9,988	10,792
Constant	**Millions $1982 SAAR Total United States**	53,749	57,422	60,401	59,924	59,128	60,570	61,900	63,475	51,035	59,219	62,936
	New England	3,280	3,460	3,781	3,733	3,642	3,719	3,788	3,878	2,882	3,654	3,850
	Middle Atlantic	7,836	7,916	8,450	8,317	8,183	8,359	8,524	8,715	6,894	8,217	8,653
	East North Central	8,536	9,193	9,568	9,522	9,443	9,721	9,966	10,245	7,950	9,431	10,143
	West North Central	3,773	4,104	4,210	4,165	4,086	4,173	4,259	4,367	3,554	4,141	4,335
	South Atlantic	11,167	11,613	12,521	12,452	12,322	12,635	12,931	13,279	10,682	12,227	13,154
	East South Central	3,002	3,266	3,533	3,542	3,542	3,677	3,776	3,897	2,812	3,471	3,851
	West South Central	5,699	6,221	6,040	5,932	5,747	5,863	5,967	6,106	5,777	5,985	6,063
	Mountain	2,607	2,800	2,929	2,930	2,903	2,974	3,033	3,104	2,536	2,891	3,081
	Pacific	7,851	8,849	9,368	9,330	9,259	9,449	9,656	9,883	7,946	9,202	9,807
Per Cent of U.S. Total												
Current	**Per Cent of U.S. Total ($Current) Total United States**	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	New England	6.10	6.03	6.26	6.23	6.16	6.14	6.12	6.11	5.65	6.17	6.12
	Middle Atlantic	14.58	13.79	13.99	13.88	13.84	13.80	13.77	13.73	13.51	13.88	13.75
	East North Central	15.88	16.01	15.84	15.89	15.97	16.05	16.10	16.14	15.58	15.93	16.12
	West North Central	7.02	7.15	6.97	6.95	6.91	6.89	6.88	6.88	6.96	6.99	6.89
	South Atlantic	20.78	20.22	20.73	20.78	20.84	20.86	20.89	20.92	20.93	20.65	20.90
	East South Central	5.58	5.69	5.85	5.91	5.99	6.07	6.10	6.14	5.51	5.86	6.12
	West South Central	10.60	10.83	10.00	9.90	9.72	9.68	9.64	9.62	11.32	10.11	9.63
	Mountain	4.85	4.88	4.85	4.89	4.91	4.91	4.90	4.89	4.97	4.88	4.89
	Pacific	14.61	15.41	15.51	15.57	15.66	15.60	15.60	15.57	15.57	15.54	15.58
Industrial Production												
Index (1977 = 100)	Brick	88.6	92.7	91.1	93.9	94.1	92.4	91.1	90.9	88.5	93.0	91.6
	Cement	99.8	121.2	108.7	105.6	110.1	107.9	106.5	105.2	105.7	111.3	106.4
	Gypsum Wallboard	132.8	132.8	133.7	132.3	134.5	134.6	134.2	133.1	126.4	133.3	133.9
	Hardware	99.4	99.8	102.1	103.5	104.5	104.5	103.9	103.2	100.9	102.5	103.8
	Lumber Products	125.7	128.0	132.8	134.1	130.6	127.5	126.7	126.1	122.9	131.4	126.7
	Paint	100.2	100.6	103.0	101.7	106.1	107.2	107.9	108.4	101.9	102.9	108.1
	Plywood	142.9	149.6	161.4	160.1	158.2	155.3	150.9	151.7	138.7	157.3	152.4

Data: Department of Commerce
Bureau of Labor Statistics
National Association of Realtors
Department of Housing and Urban Development
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The Home Center Industry Outlook runs in two parts, in alternate issues. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material & supply store sales; and industrial production. The *NHCN* Leading Indicator runs every issue.

SAAR—Seasonally Adjusted Annual Rate
p—projection
NHCN chart
Source: Merrill Lynch Economics for *NHCN*